
Tobin & Co.

Homestead Township

Benzie County, Michigan

Audit Report

For the Year Ended March 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Homestead Township	County Benzie
Audit Date 3/31/06	Opinion Date 9/5/06	Date Accountant Report Submitted to State: 9/21/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

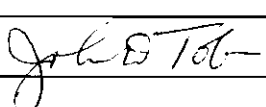
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) TOBIN & CO., P.C.			
400 E. EIGHTH ST.			
Street Address		City	State
231-947-0151		TRAVERSE CITY, MI	49686-2668
Accountant Signature 		Date	9/20/06

Tobin & Co.

Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4 - 5
------------------------------	-------

FINANCIAL SECTION

Accountant's Report	7
Management's Discussion and Analysis	8 - 10

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets	11
Statement of Activities	12

Governmental Funds:

Balance Sheet	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances	15

Proprietary Funds:

Statement of Net Assets	16
Statement of Revenues, Expenses and Changes in Net Assets	17
Statement of Cash Flows	18

Fiduciary Funds:

Statement of Fiduciary Net Assets	19
-----------------------------------	----

Notes to Basic Financial Statements	20 - 25
-------------------------------------	---------

SUPPLEMENTAL DATA SECTION

Required Supplementary Information:

Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
1 - General Fund	27 - 30
2 - Fire Operations Fund	31
3 - Fire Equipment Fund	32

Other Supplementary Information

4 -Statement of Changes in Assets and Liabilities – Current Tax Collection Fund	33
5 -2005 Property Tax Levy and Collection	34

Tobin & Co.

INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Homestead Township, Benzie County, for the year ended March 31, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Homestead Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

The accounting records were in good condition for the year. Bank accounts were reconciled to accounting records. The accounting records are maintained on a computerized system.

The accounting records are now maintained in a separate file for each fund. This makes reviewing transactions in each fund more efficient.

The individual who is responsible for Park operations collects fees for Park use and operates a concession. State law requires that the Township treasurer maintain control over all cash belonging to the Township. Further, the Clerk is charged with the responsibility of maintaining accounting records of all such funds. It is imperative that changes be made so that this Township operation conforms with these laws.

In January 2005 the park manager borrowed \$1,000 from the park bank account. The amount was repaid in March 2005. It is not a legal use of taxpayer funds. If appropriate internal controls had been in place, this could not have happened.

Budgets and Procedures

The Township prepared and adopted budgets for its General, Fire Millage, and Fire Equipment funds. In the General fund, one cost center exceeded its expenditure budget. Further, a budget was not adopted for the Fire Equipment fund since there were no expenditures from that fund. All General and Special Revenue funds should have budgets. The monthly financial statements provided to the Board by the Clerk should have budget to actual comparisons.

Bank Accounts

All Township deposits are at one bank, and of those funds \$90,201 is uninsured by the Federal Deposit Insurance Corporation at March 31, 2006. While we are not recommending any modification to existing bank relationships, the Board should be aware of this fact and monitor the safety of the Township's assets.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance increased during the year by \$26,779 and amounted to \$104,297 at March 31, 2006.

Fire Millage Fund

This fund, presented on Schedule 2, is used to account for the special voted levy for fire operations. The fund balance increased by \$7,062 during the year to \$51,281.

Fire Equipment Fund

This fund, presented on Schedule 3, is used to account for funds generated by the Fire Department. The fund balance at March 31, 2006 was \$22,003.

Tobin & Co.

Comments and Recommendations

Property Tax Administration Fees

As permitted by statute, Homestead Township levied a 1% administration fee on all 2005 property taxes. This fee may be used only for such property tax administration expenses as assessing, collecting and the review and appeal process. The Clerk should keep a record of collections and administrative expenses.

Property Tax Collections

The collection and distribution of the 2005 tax levy was handled well by the Township Treasurer. Paid receipts were filed in order of payment, deposits were made timely and intact, and timely distributions to taxing units during the collection period.

General Fixed Assets

Beginning in the fiscal year ending March 31, 2006, the Township must convert its records to conform to Government Accounting Standards Board Standard 34. This is reflected in the attached audit report.

Insurance and Surety Bond Coverage

Records indicate that the Township has such insurance coverage as fire and casualty, general liability, errors and omissions, equipment and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, and their deputies, have surety bond coverage.

Inter-Fund Loans

There were no inter-fund loans during the year.

Payroll Records

Payroll records appeared to be in proper order. Computerized records are now being utilized.

Other Data

We are pleased to note the use of interest bearing accounts which resulted in earned interest of \$1,175 during the audit year.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

Tobin & Co.

FINANCIAL SECTION

Tobin & Co.

REPORT OF INDEPENDENT AUDITOR

To the Township Board
Homestead Township
Benzie County
Honor, Michigan 49648

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate of remaining fund information of Homestead Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate of remaining fund information of Homestead Township, Benzie County at March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Homestead Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Tobin & Co., P.C.

TOBIN & CO., P.C.
Certified Public Accountants
September 5, 2006

Tobin & Co.

Homestead Township Management Discussion and Analysis Letter

As the Township Board of the Homestead Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Homestead Township for the fiscal year ended March 31, 2006.

Financial Highlights

The assets of Homestead Township exceeded its liabilities at the close of the most recent fiscal year by \$781,458. Of this amount, \$122,668 may be used to meet the Township's ongoing General Fund obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$177,581, an increase of \$44,315 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$104,297, or 59% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Homestead Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include: general government, public safety, road projects, and township improvements. The business-type activities of the Township consist of a rental house on real estate adjacent to the Township Hall.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Homestead Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Homestead Township maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire Millage Fund, and Fire Equipment Fund, which are all considered to be major funds. All Township government activities are included in these three funds.

The Township adopts an annual appropriated budget for its general fund, special revenue and permanent funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

Tobin & Co.

Proprietary funds: Homestead Township maintains one proprietary fund. Enterprise or proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its rental house activity.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Condensed Financial Information and Analysis of Balances and Transactions of the Township's Funds.

	March 31, 2006		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and Other Assets	\$ 195,952	\$ 12,041	\$ 207,993
Capital Assets	<u>514,117</u>	<u>119,096</u>	<u>633,213</u>
Total Assets	<u>\$ 710,069</u>	<u>\$ 131,137</u>	<u>\$ 841,206</u>
Long-term Liabilities	\$ -	\$ -	\$ -
Other Liabilities	<u>-</u>	<u>59,748</u>	<u>59,748</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 59,748</u>	<u>\$ 59,748</u>
Net Assets:			
Invested in Capital Assets	\$ 514,117	\$ 59,348	\$ 573,465
Restricted	73,284	-	73,284
Unrestricted	<u>122,668</u>	<u>12,041</u>	<u>134,709</u>
Total Net Assets	<u>\$ 710,069</u>	<u>\$ 71,389</u>	<u>\$ 781,458</u>

Tobin & Co.

	March 31, 2006		
	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	\$ 43,208	\$ 6,455	\$ 49,663
Operating Grants and Contributions	-	-	-
General Revenues			
Property Taxes	131,487	-	131,487
State Shared Revenues	129,007	-	129,007
Unrestricted Investments Earnings	5,865	-	5,865
Miscellaneous	<u>16,891</u>	<u>-</u>	<u>16,891</u>
Total Revenues	<u>326,458</u>	<u>6,455</u>	<u>332,913</u>
Program Expenses			
Legislative	\$ 24,623	\$ -	\$ 24,623
General Government	130,236	-	130,236
Public Safety	104,868	-	104,868
Public Works	5,649	6,835	12,484
Recreation and Cultural	<u>34,549</u>	<u>-</u>	<u>34,549</u>
Total Expenses	299,925	6,835	306,760
Transfers	<u>(25,729)</u>	<u>25,729</u>	<u>-</u>
Change in Net Assets	<u>\$ 804</u>	<u>\$ 25,349</u>	<u>\$ 26,153</u>

Capital Asset and Debt Administration

Capital Assets: The Township's investment in capital assets for its governmental activities during the year ended March 31, 2006, amounted to \$2,258. This investment in capital assets consists of office equipment and computers. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which depreciation exceeded capital outlays was \$46,917.

Cash Assets: At the end of the current fiscal year, the Township had \$189,622 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Long-term Debt: At the end of the current fiscal year, the Township had \$59,748 in debt outstanding on the rental house. This debt is scheduled to be paid off in April 2008.

Currently Know Facts, Decisions, or Conditions Expected to Significantly Effect Next Year and Beyond

The Board is considering constructing a new fire barn. However, no timetable has been determined.

Requests for Information

This financial report is designed to provide a general overview of Homestead Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mary Geetings, Homestead Township Clerk, P. O. Box 315, Honor, MI 49640-0315.

Tobin & Co.

Homestead Township Statement of Net Assets March 31, 2006

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 177,581	\$ 12,041	\$ 189,622
Taxes Receivable – Delinquent	18,371	-	18,371
Capital Assets:			
Land	96,676	59,353	156,029
Other Capital Assets, Net of Depreciation	<u>417,441</u>	<u>59,743</u>	<u>477,184</u>
Total Assets	<u>710,069</u>	<u>131,137</u>	<u>841,206</u>
<u>Liabilities</u>			
Long-term Liabilities, Net of Discounts:			
Due in More Than One Year	<u>-</u>	<u>59,748</u>	<u>59,748</u>
Total Liabilities	<u>-</u>	<u>59,748</u>	<u>59,748</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	514,117	59,348	573,465
Restricted For:			
Fire Protection	73,284	-	73,284
Unrestricted	<u>122,668</u>	<u>12,041</u>	<u>134,709</u>
Total Net Assets	<u>\$ 710,069</u>	<u>\$ 71,389</u>	<u>\$ 781,458</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township Statement of Activities March 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>Fees and Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Legislative	\$ 24,623	\$ -	\$ -	\$ (24,623)	\$ -	\$ (24,623)
General Government	130,236	-	-	(130,236)	-	(130,236)
Public Safety	104,868	43,208	-	(61,660)	-	(61,660)
Public Works	5,649	-	-	(5,649)	-	(5,649)
Recreation	<u>34,549</u>	<u>-</u>	<u>-</u>	<u>(34,549)</u>	<u>-</u>	<u>(34,549)</u>
Total Governmental Activities	<u>299,925</u>	<u>43,208</u>	<u>-</u>	<u>(256,717)</u>	<u>-</u>	<u>(256,717)</u>
Business-type Activities:						
Rental House	<u>6,835</u>	<u>6,455</u>	<u>-</u>	<u>-</u>	<u>(380)</u>	<u>(380)</u>
Total Business-type Activities	<u>6,835</u>	<u>6,455</u>	<u>-</u>	<u>-</u>	<u>(380)</u>	<u>(380)</u>
Total	<u>\$ 306,760</u>	<u>\$ 49,663</u>	<u>\$ -</u>	<u>(256,717)</u>	<u>(380)</u>	<u>(257,097)</u>
General Revenues:						
Property Taxes				131,487	-	131,487
Grants and Contributions Not Restricted to Specific Programs				129,007	-	129,007
Unrestricted Investment Earnings				5,865	-	5,865
Miscellaneous				<u>16,891</u>	<u>-</u>	<u>16,891</u>
Total General Revenues				283,250	-	283,250
Increase in Net Assets Before Transfers				26,533	(380)	26,153
Transfers				<u>(25,729)</u>	<u>25,729</u>	<u>-</u>
Change in Net Assets				804	25,349	26,153
Net Assets – Beginning of Year				<u>709,265</u>	<u>46,040</u>	<u>755,305</u>
Net Assets – Ending of Year				<u>\$ 710,069</u>	<u>\$ 71,389</u>	<u>\$ 781,458</u>

See Accompanying Notes to Basic Financial Statements

Homestead Township
Balance Sheet
Governmental Funds
March 31, 2006

Tobin & Co.

<u>Assets</u>	<u>General Fund</u>	<u>Fire Millage Fund</u>	<u>Equipment Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 104,297	\$ 51,281	\$ 22,003	\$ 177,581
Taxes Receivable - Delinquent	<u>18,371</u>	<u>-</u>	<u>-</u>	<u>18,371</u>
Total	<u>\$ 122,668</u>	<u>\$ 51,281</u>	<u>\$ 22,003</u>	<u>\$ 195,952</u>
<u>Liabilities and Fund Equity</u>				
<u>Liabilities:</u>				
Deferred Revenue	\$ <u>18,371</u>	<u>-</u>	<u>-</u>	<u>18,371</u>
Total	<u>18,371</u>	<u>-</u>	<u>-</u>	<u>18,371</u>
<u>Fund Equity:</u>				
Fund Balance -- Reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance -- Unreserved	<u>104,297</u>	<u>51,281</u>	<u>22,003</u>	<u>177,581</u>
Total	<u>104,297</u>	<u>51,281</u>	<u>22,003</u>	<u>177,581</u>
Total Liabilities and Fund Equity	<u>\$ 122,668</u>	<u>\$ 51,281</u>	<u>\$ 22,003</u>	
Amounts reported for governmental activities on the statement of net assets are different because:				514,117
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.				<u>18,371</u>
Receivables of property taxes are not deferred in the statement of net assets.				<u>\$ 710,069</u>
Net assets of governmental activities.				

See Accompanying Notes to Basic Financial Statements

Homestead Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2006

	General Fund	Fire Millage Fund	Fire Equipment Fund	Total
<u>Revenues</u>				
Taxes	\$ 73,287	\$ 54,992	\$ -	\$ 128,279
State Grants	129,007	-	-	129,007
Charges for Services	7,333	25,581	10,294	43,208
Interest and Rents	5,452	233	180	5,865
Other	14,841	2,050	-	16,891
Total	<u>229,920</u>	<u>82,856</u>	<u>10,474</u>	<u>323,250</u>
<u>Expenditures</u>				
Legislative	15,220	-	-	15,220
General Government	112,661	-	-	112,661
Public Safety	4,914	75,794	-	80,708
Public Works	5,649	-	-	5,649
Recreation	23,116	-	-	23,116
Other	15,852	-	-	15,852
Total	<u>177,412</u>	<u>75,794</u>	<u>-</u>	<u>253,206</u>
<u>Excess Revenues (Expenditures)</u>	<u>52,508</u>	<u>7,062</u>	<u>10,474</u>	<u>70,044</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(25,729)	-	-	(25,729)
Total	<u>(25,729)</u>	<u>-</u>	<u>-</u>	<u>(25,729)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>26,779</u>	<u>7,062</u>	<u>10,474</u>	<u>44,315</u>
Fund Balance – Beginning of Year	<u>77,518</u>	<u>44,219</u>	<u>11,529</u>	<u>133,266</u>
Fund Balance – End of Year	<u>\$ 104,297</u>	<u>\$ 51,281</u>	<u>\$ 22,003</u>	<u>\$ 177,581</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended March 31, 2006

Net change in fund balances -- total governmental funds	\$ 44,315
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(46,719)
Governmental funds defer property tax revenues received more than sixty days after the year end as unavailable financial resources for the fund financial statements. In the statement of activities these are not deferred.	<u>3,208</u>
Changes in net assets of governmental activities	<u>\$ 804</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township
Statement of Net Assets
All Enterprise Funds
March 31, 2006

Assets

Cash and Cash Equivalents	\$ 12,041
Capital Assets:	
Land	59,353
Other Capital Assets, Net of Depreciation	<u>59,743</u>
Total Assets	<u>131,137</u>

Liabilities

Note Payable	<u>59,748</u>
Total Liabilities	<u>59,748</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	59,348
Unrestricted	<u>12,041</u>
Total Net Assets	<u>\$ 71,389</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township
Statement of Revenues, Expenses and Changes in Net Assets
All Enterprise Funds
For the Year Ended March 31, 2006

Operating Revenues

Rental Income \$ 6.455

Total 6.455

Operating Expenses

Interest 3,299

Utilities 974

Supplies, Repairs and Maintenance 584

Depreciation 1,978

Total Operating Expenses 6,835

Operating (Loss) (380)

Non-operating Income (Expense)

Transfer In 25,729

Total Non-operating Income (Expense) 25,729

Net Income (Loss) 25,349

Retained Earnings – Beginning of Year 46,040

Retained Earnings – End of Year \$ 71,389

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township
Statement of Cash Flows
All Enterprise Funds
For the Year Ended March 31, 2006

Operating Activities

Net Income	\$ 25,349
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	<u>1,978</u>
Net Cash Flow from Operating Activities	<u>27,327</u>

Investing Activities

-

Capital Financing Activities

Principal Payments	<u>(22,430)</u>
Cash Flow Used by Capital Financing Activities	<u>(22,430)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 4,897

Cash and Cash Equivalents – Beginning of Year 7,144

Cash and Cash Equivalents – End of Year \$ 12,041

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township Statement of Fiduciary Net Assets March 31, 2006

Assets

Cash and Investments	<u>\$ 495</u>
Total Assets	<u>495</u>

Liabilities

Undistributed Taxes and Interest	<u>495</u>
Total Liabilities	<u>495</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Homestead Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Homestead Township is a general law township located in Benzie County, Michigan. Population as of the 2000 census was 2,078, and the taxable value is \$56,681,762.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Tobin & Co.

Homestead Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

Tobin & Co.

Homestead Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$2,500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	20 years
Buildings	40 years
Building Improvements	25 years
Vehicles	10 years
Furniture and Fixtures	10 years
Equipment	5 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$ 82,951,762	\$ 56,681,762	.9550
Fire Protection	\$ 82,951,762	\$ 56,681,762	.9810

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tobin & Co.

Homestead Township Notes to Financial Statements March 31, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no material violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2006.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2006, the Parks and Recreation cost center exceeded its budget.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$190,201 deposited with local financial institutions at March 31, 2006 with a carrying value of \$190,117. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$90,201 of uninsured deposits at March 31, 2006.

NOTE 4 - ACCOUNTS RECEIVABLE

\$18,371 of receivables of governmental activities represents delinquent property taxes.

Tobin & Co.

Homestead Township Notes to Financial Statements March 31, 2006

NOTE 5 - CAPITAL ASSETS

	<u>03/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/06</u>
Governmental Activities:				
Land and Improvements	\$ 280,366	\$ -	\$ -	\$ 280,366
Buildings and Improvements	484,411	-	-	484,411
Vehicles and Equipment	<u>350,919</u>	<u>2,258</u>	<u>-</u>	<u>353,177</u>
Total	1,115,696	2,258	-	1,117,954
Less Accumulated Depreciation	<u>(554,860)</u>	<u>(48,977)</u>	<u>-</u>	<u>(603,837)</u>
Governmental Activities Capital Assets, Net	<u>\$ 560,836</u>	<u>\$ (46,719)</u>	<u>\$ -</u>	<u>\$ 514,117</u>
Business-type Activities:				
Land and Improvements	\$ 65,678	\$ -	\$ -	\$ 65,678
Buildings and Improvements	<u>59,353</u>	<u>-</u>	<u>-</u>	<u>59,353</u>
Total	125,031	-	-	125,031
Less Accumulated Depreciation	<u>(3,957)</u>	<u>(1,978)</u>	<u>-</u>	<u>(5,935)</u>
Business-type Activities Capital Assets, Net	<u>\$ 121,074</u>	<u>\$ (1,978)</u>	<u>\$ -</u>	<u>\$ 119,096</u>

NOTE 7 - LONG-TERM DEBT

In April 2003, the Township purchased real estate adjacent to the Township Hall for \$120,000. The purchase included a house which the Township is renting. The purchase was financed with a mortgage for \$115,000 at 4.21% and due in five years. The rental activity is reported in a proprietary fund. The note provides for semi-annual principal and interest payments of \$12,855 in April and October. The outstanding balance at March 31, 2006 on the mortgage was \$59,748.

Scheduled principal payments are as follows:

Fiscal year ending March 31, 2007	\$ 23,438
Fiscal year ending March 31, 2008	24,435
Fiscal year ending March 31, 2009	<u>11,875</u>
	<u>\$ 59,748</u>

NOTE 8 - INVENTORIES

Homestead Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

NOTE 9- COMPENSATED ABSENCES

The Township does not have a policy for employees to earn vacation, sick, or personal leave days. Therefore, the Township has no liability in regard to compensating employees for such days.

NOTE 10- CONTINGENT LIABILITIES

Township management is aware of no material contingent liabilities as of March 31, 2006.

Tobin & Co.

Homestead Township
Notes to Financial Statements
March 31, 2006

NOTE 11- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan and Burnham and Flowers Insurance Agency and Michigan Municipal League Workmen's Compensation Fund. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Homestead Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2006

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 51,000	\$ 51,000	\$ 46,059	\$ (4,941)
Delinquent Taxes	-	-	7,484	7,484
Interest and Penalties on Taxes	-	-	476	476
Swamp Taxes	5,000	5,000	4,401	(599)
PTAF	5,000	5,000	14,867	9,867
State Grants:				
State Shared Revenues	112,000	112,000	121,051	9,051
Metro Act	-	-	7,956	7,956
Charges for Services:				
Fire Fees	-	-	-	-
Cemetery Sexton	2,000	2,000	2,700	700
Land Division	600	600	-	(600)
Summer Tax Collection	5,000	5,000	4,633	(367)
Interest and Rents:				
Earned Interest	500	500	762	262
Rents	9,000	9,000	4,690	(4,310)
Other:				
Refunds and Reimbursements	-	-	3,682	3,682
Park Concessions	-	-	9,534	9,534
Licenses and Permits	3,000	3,000	1,257	(1,743)
Miscellaneous	<u>2,100</u>	<u>2,100</u>	<u>368</u>	<u>(1,732)</u>
Total Revenues	<u>195,200</u>	<u>195,200</u>	<u>229,920</u>	<u>34,720</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	1,710	-
Legal and Audit	-	-	2,984	-
Printing	-	-	1,014	-
Education and Travel	-	-	246	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>9,266</u>	<u>-</u>
Total	<u>50,000</u>	<u>50,000</u>	<u>15,220</u>	<u>34,780</u>
Total Legislative	<u>50,000</u>	<u>50,000</u>	<u>15,220</u>	<u>34,780</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	15,700	-
Supplies	-	-	225	-
Education and Mileage	-	-	187	-
Total	<u>16,800</u>	<u>16,800</u>	<u>16,112</u>	<u>688</u>
Elections:				
Salaries and Wages	-	-	1,303	-
Supplies and Postage	-	-	383	-
Total	<u>7,000</u>	<u>7,000</u>	<u>1,686</u>	<u>5,314</u>
Assessor:				
Salaries and Wages	-	-	20,550	-
Education and Travel	-	-	262	-
Printing	-	-	190	-
Supplies	-	-	1,255	-
Maintenance and Repairs	-	-	75	-
Total	<u>26,000</u>	<u>26,000</u>	<u>22,332</u>	<u>3,668</u>
Clerk:				
Salaries and Wages	-	-	15,890	-
Supplies	-	-	478	-
Education	-	-	388	-
Total	<u>18,500</u>	<u>19,500</u>	<u>16,756</u>	<u>2,744</u>
Board of Review:				
Salaries and Wages	-	-	960	-
Education	-	-	312	-
Total	<u>1,900</u>	<u>1,900</u>	<u>1,272</u>	<u>628</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	18,700	-
Supplies	-	-	1,611	-
Printing	-	-	4,208	-
Education	-	-	550	-
Total	<u>30,000</u>	<u>30,000</u>	<u>25,069</u>	<u>4,931</u>
Township Hall:				
Supplies	-	-	1,744	-
Public Utilities	-	-	6,470	-
Maintenance	-	-	3,685	-
Telephone	-	-	2,338	-
Total	<u>26,000</u>	<u>24,000</u>	<u>14,237</u>	<u>9,763</u>
Cemetery:				
Salaries and Wages	-	-	8,750	-
Utilities	-	-	180	-
Miscellaneous	-	-	4,009	-
Total	<u>15,000</u>	<u>15,000</u>	<u>12,939</u>	<u>2,061</u>
Total General Government	<u>141,200</u>	<u>140,200</u>	<u>110,403</u>	<u>29,797</u>
Public Safety:				
Planning and Zoning:				
Salaries and Wages	-	-	3,915	-
Supplies	-	-	40	-
Mileage	-	-	146	-
Printing	-	-	300	-
Contracted Services	-	-	513	-
Total	<u>10,000</u>	<u>10,000</u>	<u>4,914</u>	<u>5,086</u>
Total Public Safety	<u>10,000</u>	<u>10,000</u>	<u>4,914</u>	<u>5,086</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2006

Schedule 1
Page 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Public Works:				
Roads	<u>7,000</u>	<u>7,000</u>	<u>5,649</u>	<u>1,351</u>
Total Public Works	<u>7,000</u>	<u>7,000</u>	<u>5,649</u>	<u>1,351</u>
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	3,000	-
Concessions	-	-	5,034	-
Supplies	-	-	3,010	-
Repairs and Maintenance	-	-	4,380	-
Utilities	-	-	1,183	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>6,509</u>	<u>-</u>
Total Recreation and Cultural	<u>6,000</u>	<u>8,000</u>	<u>23,116</u>	<u>(15,116)</u>
Other:				
Payroll Taxes	-	-	6,573	-
Insurance	-	-	9,279	-
Contingencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>68,922</u>	<u>67,922</u>	<u>15,852</u>	<u>52,070</u>
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>2,258</u>	<u>2,742</u>
Total Expenditures	<u>288,122</u>	<u>288,122</u>	<u>177,412</u>	<u>110,710</u>
<u>Excess Revenues (Expenditures)</u>	<u>(92,922)</u>	<u>(92,922)</u>	<u>52,508</u>	<u>145,430</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(25,729)</u>	<u>271</u>
Total	<u>(26,000)</u>	<u>(26,000)</u>	<u>(25,729)</u>	<u>271</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ (118,922)</u>	<u>\$ (118,922)</u>	<u>26,779</u>	<u>\$ 145,701</u>
Fund Balance – Beginning of Year			<u>77,518</u>	
Fund Balance – End of Year			<u>\$ 104,297</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fire Millage Fund For the Year Ended March 31, 2006

Schedule 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 52,000	\$ 52,109	\$ 54,992	\$ 2,883
Contributions from Other Units	25,540	25,464	25,581	117
Interest and Rents	-	-	233	233
Other	-	2,050	2,050	-
Total Revenues	77,540	79,623	82,856	3,233
<u>Expenditures</u>				
Salaries and Wages	-	-	25,996	-
Payroll Taxes	-	-	1,970	-
Insurance	-	-	10,783	-
Maintenance and Repairs	-	-	21,941	-
Supplies	-	-	6,467	-
Fuel	-	-	1,272	-
Utilities	-	-	4,516	-
Dues and Subscriptions	-	-	1,070	-
Education and Training	-	-	1,779	-
Miscellaneous	-	-	-	-
Total	77,540	78,000	75,794	2,206
<u>Excess Revenues (Expenditures)</u>	-	1,623	7,062	5,439
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total	-	-	-	-
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ -	\$ 1,623	7,062	\$ 5,439
Fund Balance – Beginning of Year			44,219	
Fund Balance – End of Year			<u>\$ 51,281</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Equipment Fund
For the Year Ended March 31, 2006

Schedule 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services	\$ -	\$ -	\$ 10,294	\$ 10,294
Interest Earned	-	-	180	180
Total	-	-	10,474	10,474
<u>Expenditures</u>	-	-	-	-
Total	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	<u>\$ -</u>	<u>\$ -</u>	10,474	<u>\$ 10,474</u>
Fund Balance -- Beginning of Year			11,529	
Fund Balance -- End of Year			<u>\$ 22,003</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended March 31, 2006

Schedule 4

	Balance 03/31/05	Additions	Deductions	Balance 03/31/06
<u>Assets</u>				
Cash	\$ 234	\$ 1,301,564	\$ 1,301,303	\$ 495
Total Assets	<u>\$ 234</u>	<u>\$ 1,301,564</u>	<u>\$ 1,301,303</u>	<u>\$ 495</u>
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 234	\$ 1,301,564	\$ 1,301,303	\$ 495
Total Liabilities	<u>\$ 234</u>	<u>\$ 1,301,564</u>	<u>\$ 1,301,303</u>	<u>\$ 495</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Homestead Township 2005 Property Tax Levy and Collections For the Year Ended March 31, 2006

Schedule 5

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	3.6629	\$ 207,627	\$ 180,162	\$ 27,465
County Jail	1.2956	73,462	62,488	10,974
Medical Care Facility	0.9318	52,814	44,940	7,874
Commission on Aging	0.6148	34,843	29,649	5,194
Veterans	0.0250	1,408	1,198	210
Animal Control	0.0951	5,382	4,580	802
Ambulance/ALS	0.6101	34,583	29,422	5,161
Benzie Central Schools	19.5100	438,158	363,443	74,715
Intermediate School District	2.9589	167,711	142,722	24,989
State Education	6.0000	338,487	306,562	31,925
Township:				
General	0.9550	54,127	46,059	8,068
Fire Protection	0.9810	55,601	47,313	8,288
Special Assessment		20,322	17,077	3,245
Commercial Forest		335	335	-
Property Tax Administration Fee		<u>14,794</u>	<u>12,779</u>	<u>2,015</u>
Total		<u>\$ 1,499,654</u>	<u>\$ 1,288,729</u>	<u>\$ 210,925</u>
State Equalized Value		\$82,951,762		
Taxable Value		\$56,681,762		
Percent of Levy Collected		96.68%		

The Notes to the Basic Financial Statements are an integral part of this statement.